

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2966 - HB 3239

March 2, 2012

**SUMMARY OF BILL:** Requires local education agencies proposing to create virtual schools to only grant admission to those students enrolled in the LEA. Specifies that nothing in this part is to be construed as prohibiting an LEA from entering into a written contract with other LEAs to offer virtual education programs. Requires such contracts to be approved by each participating LEA's board of education. Authorizes any student who is eligible for enrollment in the LEA to enroll in a virtual school established by the LEA as a full-time or part-time virtual school student. Requires each enrolled student to be enrolled as a full-time student in the LEA.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – LEAs starting a new virtual school or entering into written contracts with other LEAs to offer virtual education programs will permissively increase expenditures to access the virtual programs. This increase in expenditures may require the opening of a new computer lab. A new computer lab costs approximately \$36,000 for computers and equipment. Any permissive increase in local expenditures is estimated to exceed \$300,000 and will be dependent upon the number of LEAs starting a new virtual school or entering into written contracts and the number of participating students.**

Assumptions:

- According to the Department of Education, there will be no adverse impacts as a result of less growth funding being given to LEAs as a result of less students enrolling in a virtual school outside their "home" LEA. Growth funding will reflect the actual number of additional students in LEAs.
- According to the Comptroller's Office, which has conducted research on virtual school programs in other states and Tennessee, the cost per full-time enrolled student ranges from \$5,500 to \$9,000. This is an average of \$7,250.
- The number of students that will be included in new LEA virtual schools or enroll through a written contract is unknown.
- LEAs may permissively increase expenditures for computer labs to accommodate additional students taking virtual schools through written contracts. The DOE has estimated that the cost for one computer lab is \$36,000 for computers, printers, and software.
- If at least 50 students enroll in a new virtual school or participate through a written contract, the increase in permissive local expenditures will be \$362,500 (\$7,250 x 50).
- The increase in permissive local expenditures is estimated to exceed \$300,000.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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